

Republicans on the House Financial Services Committee are revolting against the committee's ranking Republican to protest his support for legislation establishing new guidelines, protections and penalties for mortgage brokers and borrowers.

In a closed-door, GOP-only meeting Wednesday, committee members challenged Alabama Rep. Spencer Bachus' support for legislation that Financial Services Chairman Barney Frank (D-Mass.) authored to crack down on predatory home lending — a response to the subprime mortgage fiasco roiling financial markets and forcing many homeowners into foreclosure.

The bill is widely expected to pass when it comes to the floor Thursday. But Republicans on the committee are actively working to prevent it from garnering broad support, even though Bachus has signed on as a sponsor.

Rank-and-file committee members rarely rise up against a ranking committee member, even though those lawmakers lack the legislative and political clout they wield as a chairman while in the majority.

These GOP critics are concerned the bill would actually increase the burden on homeowners saddled with these high-interest loans. Some have begun calling it the Sarbanes-Oxley of the housing market, a slight invoking the landmark 2002 crackdown on corporate disclosures that some investors consider a legislative overreach.

In particular, conservatives on the panel are concerned the legislation would actually make it harder for borrowers who face surging interest payments to refinance those loans, increasing their vulnerability to foreclosure.

Backers of the bill, though, laud the legislation as a sweeping crackdown on lenders who took advantage of low-income borrowers by issuing loans at low, short-term interest rates that eventually ballooned.

"There are some serious differences of opinion about what the bill does," said Rep. Tom Price (R-Ga.), who is concerned the legislation would be applied broadly, not just to the subprime loans. Bachus did not respond to requests for comment.

The bill garnered nine Republican votes, including Bachus', when the Financial Services Committee approved it last week 45-19. And some of the 19 Republicans who opposed it were upset with the top GOP lawmaker on the committee for not putting up a stronger fight against Frank. These Republicans were particularly upset that he did not request a vote on his alternative during committee consideration.

Bachus delivered a lengthy explanation of the bill to his GOP colleagues during Wednesday's closed-door meeting, arguing that many of the groups that formerly opposed the legislation now support it, according to members in the room.

Afterward, Rep. Patrick McHenry (R-N.C.) stood to alert the assembled lawmakers that an overwhelming majority of the Republicans on Financial Services opposed the measure in committee.

Republican Reps. John Campbell of California, Mike Conaway of Texas and Scott Garrett of New Jersey also stood to oppose it, members said.

Republican leaders are also expected to oppose the measure when it comes to the floor, opponents said. Republican Conference Chairman Adam Putnam (R-Fla.), the third-ranking Republican in the House who sits on the panel, voted against it in committee.